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Southern District of New York*

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**FORMER OPERATOR OF MANHATTAN FOREIGN CURRENCY EXCHANGE  
TRADING COMPANY PLEADS GUILTY TO DEFRAUDING INVESTORS**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that PETER LAI pled guilty today in Manhattan federal court to mail fraud in connection with a foreign currency futures trading scheme he operated through his company, New York Forex Ex-Center Corp. ("FOREX"), located at 80 Wall Street, in Manhattan.

According to the Indictment, FOREX, which was owned by LAI, purported to provide its customers with the facility to buy and sell futures contracts for the delivery of British Pounds, Swiss Francs, German Deutchemarks, and Japanese Yen in exchange for United States Dollars. Some FOREX customers executed their own currency futures trades, while other FOREX customers sought to have FOREX account executives conduct trades on their behalf.

According to the Indictment, FOREX did not execute many of its customers' orders in the currency markets. Instead, the orders were recorded to make it appear to FOREX customers on their

account statements that the trades had actually occurred. As charged in the Indictment, at LAI's direction, FOREX employees only pretended to call bona fide currency dealers to obtain a price quotes in order to give customers the appearance that actual market trades were being executed with third-party currency dealers. The customers were also mailed phony account statements from FOREX that purported to show the trading activity, the amount of profit or loss in each account, and the commissions charged for each trade.

The Indictment also charges that LAI arranged to have \$300,000 in funds belonging to FOREX customers wired to his own account at a different bank. LAI also caused \$284,000 of FOREX customers' money to be wired to a bank account in the name of LAI's former wife in Taiwan.

The Indictment charges that between June 1993 and May 1995, customers deposited approximately \$4.8 million with FOREX in order to trade in currency futures contracts. Approximately \$2.1 million of this money was never returned to the customers.

LAI, 66, has been in federal custody since he was arrested on October 25, 2002, at John F. Kennedy International Airport returning from the People's Republic of China.

United States District Judge VICTOR MARRERO scheduled August 1, 2003 for LAI's sentencing.

The charge of mail fraud in the Indictment carries a maximum possible sentence of 5 years in prison and a fine of \$250,000 or twice the gross gain or loss resulting from the crime.

Mr. COMEY praised the Federal Bureau of Investigation for

its outstanding efforts of this case.

Assistant United States Attorney ROBERT R. STRANG is in charge of the prosecution.

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